

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as:
Board of Commissioners of the Housing Authority of Clackamas County

Study Session Worksheet

Presentation Date: 6/11/2014 **Approximate Start Time:** 11:00 AM

Approximate Length: 1 Hour

Presentation Title: HACC FY 2014-2015 Budget

Department: Housing Authority

Presenters: Cindy Becker, Chuck Robbins

Other Invitees: Rich Cronk, Housing Authority Finance Manager

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

We are seeking review of the Housing Authority 2014-2015 budget with a recommendation to approve it at the HACC Board of Commissioner's June 19th business meeting. Once approved, the budget will be submitted to the U.S. Department of Housing and Urban Development.

EXECUTIVE SUMMARY:

The Housing Authority of Clackamas County (HACC) is a municipal corporation established under ORS Chapter 456, and is considered a component unit of Clackamas County. HACC received ninety-eight percent (98%) of its funding from the U.S. Department of Housing and Urban Development (HUD). HUD rules and regulations are the dominant driver of HACC operations. Each year, HACC is required to submit an annual budget to HUD for review and approval.

As stated in the HACC bylaws, the five elected County Commissioners and one housing program participant constitute the HACC Board of Commissioners (6 members). Review and approval of the HACC Public Housing budget by the HACC Board of Commissioners is required by HUD.

This budget reflects anticipated increases in HUD funding. These include: 5% increase in the Capital Fund, 10% increase in the Public Housing Operating subsidy, and 15% increase in the Voucher program.

FINANCIAL IMPLICATIONS (current year and ongoing):

The proposed budget of \$18,341,023 is for fiscal year 2014-2015 (July 1, 2014-June 30, 2015). Because of anticipated increases in federal funding and receipt of a portion of the development fee from the Easton Ridge project the HACC budget shows a revenue surplus of \$213,535. These funds will be deposited into the Local Project and Central Office cash reserves account to help offset prior year losses.

LEGAL/POLICY REQUIREMENTS:

HUD requires that the Public Housing budget be approved by the HACC Board prior to submitting the budget to HUD for their approval.

Last updated: May 2013

PUBLIC/GOVERNMENTAL PARTICIPATION:

None

OPTIONS:

- A. Review and approve the budget as proposed.
- B. Review the proposed budget, direct changes to the budget, and approve the revised budget.

RECOMMENDATION:

We recommend that the HACC Board of Commissioner review the proposed budget and formally approve it at the June 19th, 2014 Housing Authority Board of Commissioners meeting as a consent agenda item.

ATTACHMENTS:

- Housing Authority Fund Overview
- Description of Housing Fund Groups
- Housing Authority Organizational Chart
- HACC FY 2014/2015 Agency Wide Budget
- HACC FY 2014/2015 Public Housing by Project Budget
- HACC FY Budget Graph
- PHA Board Resolution (HUD form 52574)

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval *Cathy J. Seckle*

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Chuck Robbins @ 503-650-5666

Description of Fund

The Housing Authority provides affordable and safe housing to low income residents by owning and managing a portfolio of 900 units, and by administering the Housing Choice Voucher program (1,600 vouchers).

Many clients are elderly or disabled, or former victims of domestic violence who are now single women-head of household with children. There are six (6) budget activities: Low Rent Public Housing (operation of 545 public housing units); Housing Choice Vouchers (administration of the voucher program and pass through rent assistance); Local Projects (operation of 355 other affordable and special needs housing units); Central Office (administration and finance); Housing Development (creating new housing or preserving existing units); and Grants (Capital Fund and Resident Self-Sufficiency).

Revenue Summary

Ninety-eight (98%) of revenues are Federal funds, allocation from Congress through the U.S. Department of Housing and Urban Development (HUD) in the following form: Public Housing Operating Subsidy for the operations of public housing; Capital Fund Grant for major physical repairs of public housing; Voucher Admin Fee for the administration of the voucher program; Housing Assistance Payment for pass through rent assistance to landlords; and Grants for Family Self-Sufficiency and Resident Services. The Total amounts to \$18,341,023. These funds are trending flat as Congress works to control federal spending and balance the federal budget.

Of that total, other non-federal earned revenue includes: Local Projects housing portfolio totaling \$418,529 (including \$90,960 of county contribution).

Expenditure Summary

Because of federal funding increases, and increased Easton Ridge development fee revenue, the HACC total budget shows \$213,535 in revenues over expenditures. Of that (\$108,086) is Public Housing loss, reduced from last year mainly from a 15% increase (\$250,000) in Public Housing Operating Subsidy over last year. The other programs where expenditures exceed revenues are: Voucher program administration (\$124,331) and Central Office administration (\$343,757). Easton Ridge development Fees are estimated to be \$701,985.

We have worked diligently to identify and implement options and opportunities to reduce program delivery costs and streamline operations in program areas where expenditures exceed revenue.

Significant Issues & Changes

HUD funding dramatically impacts HACC's budget. For example, the Voucher Admin Fee had been flat two of the previous three years and had received an additional 8 percent reduction last year (\$120,000). HACC has reduced Voucher frontline FTE's for past budgets in response to these cuts. The Capital Fund for public housing physical repairs has been reduced the past two years and will only be partially restored this budget year. HACC plans to spend down some Public Housing Reserves gradually in response to previous year's recapture of excess reserves by HUD.

Undertaking the rehab of Easton Ridge has involved considerable effort and resources over this year, with a June 2014 scheduled completion date. After the upcoming budget year, development fees are expected to be in the range of \$300,000 – \$450,000 annually.

Low Rent Public Housing (LRPH)

Three Property Managers are responsible for management of 545 units of federally subsidized public housing in five Asset Management Property (AMPs) groupings. Each property manager is responsible for a portfolio of housing ranging from 200 to 213 units. To support the operations of the housing, each Property Manager has a staff of maintenance personnel and an administrative support position. Staff performs wait list management, unit leasing of new residents, grounds and living unit maintenance, oversight of landlord/tenant issues, provision of resident services, and annual recertification of resident income per HUD guidelines to establish housing eligibility.

Voucher Program

The Voucher staff oversees the issuance of 1630 rent subsidy vouchers for eligible clients to use in the rental of housing from private landlords who participate in the voucher program. To support this activity, staff manages waiting list and preferences, performs on-site rental inspections to meet housing quality requirements, issues vouchers to clients once eligibility requirements are met, responds to landlord/client issues, and annually recertifies each resident's income per HUD guidelines to establish housing eligibility.

Local Projects

Local Projects includes HACC owned housing units that are self-managed or third-party managed that are not part of the Public Housing portfolio. Third-party managed units are managed by Quantum Property Management and include Arbor Terrace. Self-managed units include 11 units of family affordable housing and 55 units of special needs housing either managed by HACC or leased to the County or to a third-party service provider.

Tax Credit Properties

HACC recently sold Easton Ridge (264 unit family housing) to a tax credit partnership in order to rehabilitate the property. HACC is the managing partner with .01% ownership interest.

Central Office

The Central Office oversees the administrative operations of the agency. Functions include the Executive Director who provides general oversight; the Housing Asset Manager, who oversees LRPH, Local Project, and Tax Credit property, and the Finance Manager who oversees HACC's finances and financial reporting requirements.

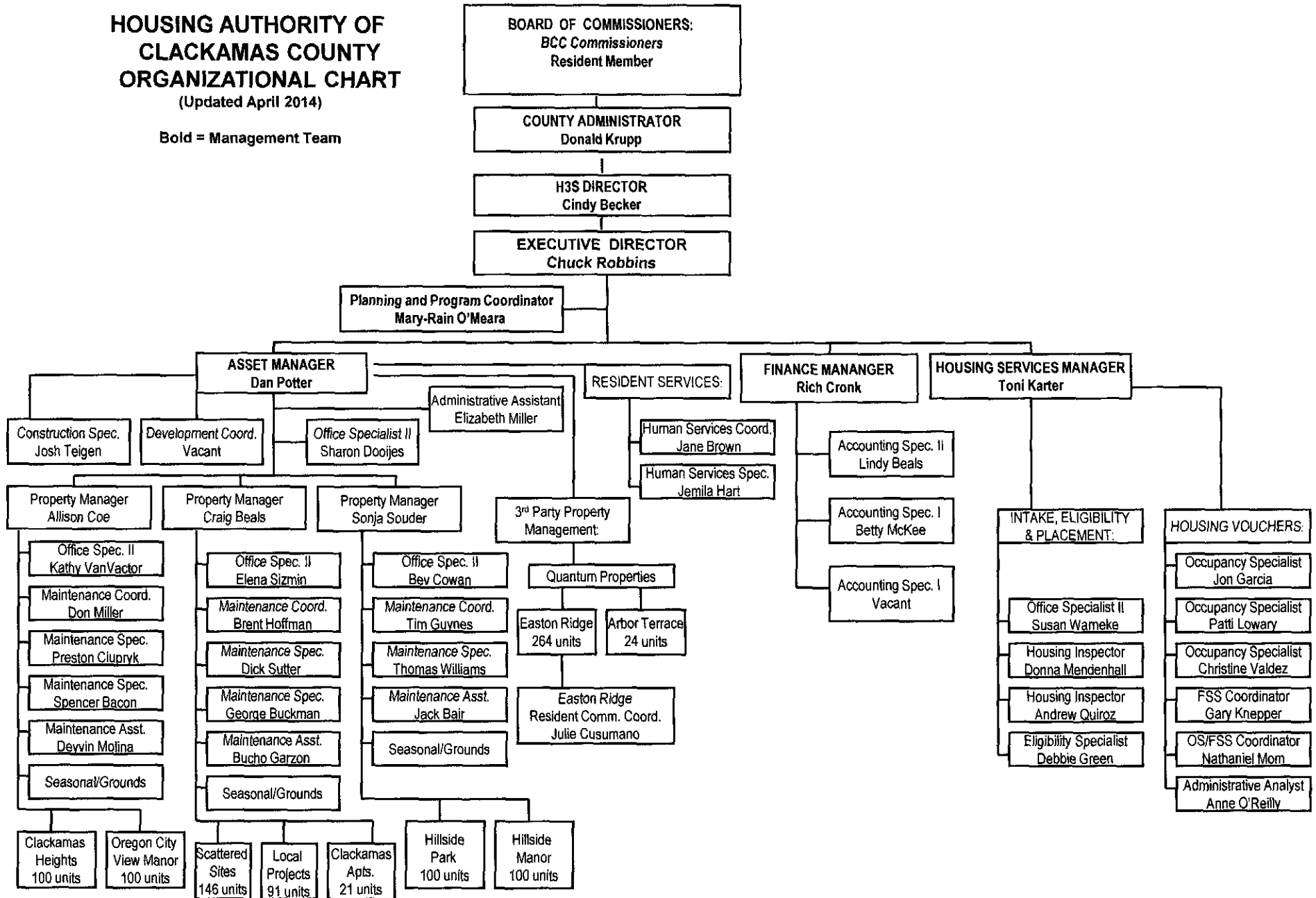
Grants

Grants are focused primarily in two areas. First, HUD provides an annual LRPH Capital Fund grant for the renovation and modernization of public housing. Second, HUD provides two grants for supportive housing, a Shelter Plus Care grant for disabled homeless and a grant for domestic violence homeless transitional housing at Janssen Road Apartments.

HOUSING AUTHORITY OF CLACKAMAS COUNTY ORGANIZATIONAL CHART

(Updated April 2014)

Bold = Management Team



Housing Authority of Clackamas County
Agency Wide
Budget FY 2014/2015

	Low Rent Public Housing (3)	Vouchers	Local Projects	Central Office	Grants	Total	FY 2014 6/30/2014 Projected
INCOME:							
Dwelling rent	1,406,720		280,284			1,687,004	1,632,641
Vacancy loss (3%)	(42,202)		(7,084)			(49,286)	(47,667)
Other tenant income	79,864		14,657			94,321	99,786
Operating subsidy	1,889,926	1,111,654			98,381	3,099,961	2,743,810
Housing assistance payments		11,606,058				11,606,058	10,642,710
Mgmt fees			4,567	426,553		431,120	431,120
Interest income	10,880	0	15,145	0		26,025	25,878
County contribution			90,960			90,960	90,960
Grant revenue	224,013		20,000	87,006	947,991	1,279,010	1,245,456
Other/Inkind	13,077	39,780	0	0	22,993	75,850	101,216
TOTAL REVENUE	3,582,078	12,757,492	418,529	513,559	1,069,365	18,341,023	16,965,910
ADMINISTRATIVE EXPENSE:							
Salaries	402,929	528,809	60,111	406,812	33,859	1,432,520	1,397,096
Employee benefits	247,326	342,362	35,094	233,218	20,866	878,866	841,158
Legal fees	6,115	3,054	284	547		10,000	35,001
Staff training/travel	6,558	3,971	368	2,103		13,000	16,999
Auditing fees	22,980	16,828	1,192	1,000		42,000	44,999
Other administrative expenses (2)	149,909	204,364	10,643	180,086		545,002	598,000
Management fee expense	426,553	0	0	0	0	426,553	426,553
TOTAL ADMINISTRATIVE	1,262,370	1,099,388	107,692	823,766	54,725	3,347,941	3,359,806
TENANT SERVICES:							
Salaries	39,309	72,373			39,981	151,663	179,199
Benefits	15,231	46,757			26,650	88,638	110,997
Other	48,500	0	0	0	13,369	61,869	20,336
TOTAL TENANT SERVICES	103,040	119,130	0	0	80,000	302,170	310,532
UTILITIES:							
Water	152,100		2,459		215	154,774	144,094
Sewer	339,861		6,591		816	347,268	285,358
Electricity	100,845		1,518	7,417	117	109,897	120,502
Gas	37,951	0	33	2,149	0	40,133	44,581
TOTAL UTILITIES	630,757	0	10,601	9,566	1,148	652,072	594,535
MAINTENANCE:							
Labor	551,127		31,364	7,790	1,000	591,281	584,244
Benefits	381,971		24,710	4,291	500	411,472	408,906
Materials	153,000		11,290	0	441	164,731	176,960
Garbage contracts	175,258		0	0	0	175,258	165,539
Other contracts	183,448	0	50,037	4,606	15,600	253,691	258,871
TOTAL MAINTENANCE	1,444,804	0	117,401	16,687	17,541	1,596,433	1,594,520
GENERAL EXPENSES:							
Insurance	104,499	8,780	9,849	4,871	0	127,999	113,405
Payment in Lieu of Taxes	70,837					70,837	70,837
Other/Extraord. Maint.	66,290	43,885	41,652		73,684	225,511	250,313
OPEB Accrual	7,567	4,582	426	2,426	0	15,001	15,001
TOTAL GENERAL EXPENSES	249,193	57,247	51,927	7,297	73,684	439,348	449,556
OTHER EXPENSES:							
Housing Assistance Payments		11,606,058			306,600	11,912,658	10,949,310
Mortgage Payments			43,184		0	43,184	43,184
Capital Expenditures	0	0	0	0	535,667	535,667	511,491

Housing Authority of Clackamas County
Agency Wide
Budget FY 2014/2015

	Low Rent Public Housing (3)	Vouchers	Local Projects	Central Office	Grants	Total	FY 2014 6/30/2014 Projected
TOTAL OTHER EXPENSES	<u>0</u>	<u>11,606,058</u>	<u>43,184</u>	<u>0</u>	<u>842,267</u>	<u>12,491,509</u>	<u>11,503,985</u>
TOTAL EXPENSES	<u>3,690,164</u>	<u>12,881,823</u>	<u>330,805</u>	<u>857,316</u>	<u>1,069,365</u>	<u>18,829,473</u>	<u>17,812,934</u>
OPERATING SURPLUS (DEFICIT)	<u>(108,086)</u>	<u>(124,331)</u>	<u>87,724</u>	<u>(343,757)</u>	<u>0</u>	<u>(488,450)</u>	<u>(847,024)</u>
Deferred Development Fee Cash				701,985		701,985	-
OPERATING SURPLUS (DEFICIT) AFTER CASH INFUSION	<u>(108,086)</u>	<u>(124,331)</u>	<u>87,724</u>	<u>358,228</u>	<u>0</u>	<u>213,535</u>	<u>(847,024)</u>
Estimated Unrestricted Cash							
Reserves at 06/30/2014	1,576,112 (1)	0	2,886,194	(13,346)	0	4,448,960	
Less fy 2015 Deficit	<u>(108,086)</u>	<u>(124,331)</u>	<u>87,724</u>	<u>358,228</u>		<u>213,535</u>	
Reserves at 6/30/2015	<u>1,468,026</u>	<u>(124,331)</u>	<u>2,973,918</u>	<u>344,882</u>		<u>4,662,495</u>	
Estimated Restricted Cash							
Reserves at 06/30/2015	3,196,174	0	0	0	0	3,196,174	
FTE's at 3/31/2014	20.0	11.5	1.5	5.0	1.0	39.0	

(1) Restricted to Public Housing Operations

(2) ie. phone, postage, office supplies, county allocations

(3) Low Rent Public Housing column is broken out by projects in the attached Public Housing Budget by Project

Housing Authority of Clackamas County
Public Housing by Project
Budget FY 2014/2015

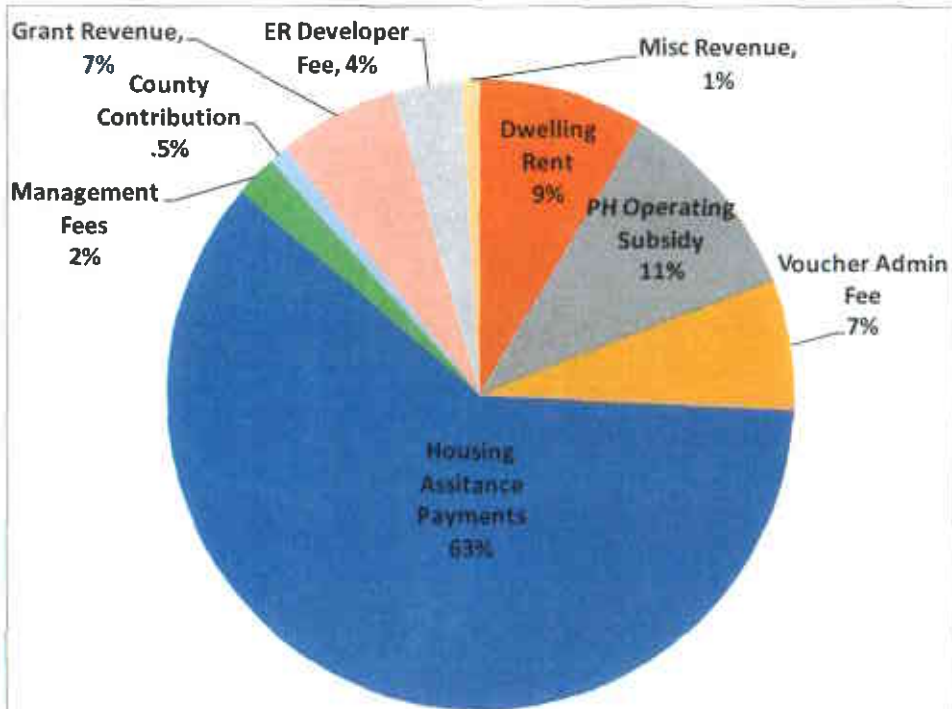
	<u>Clack Hghts</u>	<u>OCVM</u>	<u>Scattrd Sites</u>	<u>Hillsd Park</u>	<u>Hillsd Manor</u>	<u>Total</u>
INCOME:						
Dwelling rent	218,150	180,338	466,930	238,482	302,820	1,406,720
Vacancy loss (3%)	(6,544)	(5,410)	(14,008)	(7,154)	(9,085)	(42,201)
Other tenant income	17,315	7,513	29,975	8,764	16,096	79,663
Operating subsidy	354,345	379,643	596,088	295,174	264,675	1,889,925
Interest income	1,898	1,840	3,590	1,745	1,807	10,880
Building rental income					13,077	13,077
Capital fund transfer	<u>40,994</u>	<u>40,994</u>	<u>60,035</u>	<u>40,994</u>	<u>40,994</u>	<u>224,011</u>
TOTAL REVENUE	<u>626,158</u>	<u>604,918</u>	<u>1,142,610</u>	<u>578,005</u>	<u>630,384</u>	<u>3,582,075</u>
ADMINISTRATIVE EXPENSE:						
Salaries	71,088	71,158	109,307	75,689	75,689	402,931
Employee benefits	44,484	44,534	68,526	44,891	44,891	247,326
Legal fees	1,119	1,119	1,639	1,119	1,119	6,115
Staff training/travel	1,235	1,236	1,935	1,076	1,076	6,558
Auditing fees	4,205	4,205	6,159	4,205	4,205	22,979
Other administrative expenses	27,784	27,807	40,694	26,812	26,812	149,909
Management fees	<u>78,091</u>	<u>78,091</u>	<u>114,189</u>	<u>78,091</u>	<u>78,091</u>	<u>426,553</u>
TOTAL ADMINISTRATIVE	<u>228,006</u>	<u>228,150</u>	<u>342,449</u>	<u>231,883</u>	<u>231,883</u>	<u>1,262,371</u>
TENANT SERVICES:						
Salaries	7,226	7,226	10,405	7,226	7,226	39,309
Benefits	2,800	2,800	4,032	2,800	2,800	15,232
Other	<u>10,000</u>	<u>10,000</u>	<u>8,500</u>	<u>10,000</u>	<u>10,000</u>	<u>48,500</u>
TOTAL TENANT SERVICES	<u>20,026</u>	<u>20,026</u>	<u>22,937</u>	<u>20,026</u>	<u>20,026</u>	<u>103,041</u>
UTILITIES:						
Water	32,292	34,264	51,247	22,279	12,018	152,100
Sewer	63,295	65,393	90,066	55,714	65,393	339,861
Electricity	12,057	6,173	2,272	5,609	74,734	100,845
Gas	<u>779</u>	<u>1,066</u>	<u>2,164</u>	<u>1,605</u>	<u>32,337</u>	<u>37,951</u>
TOTAL UTILITIES	<u>108,423</u>	<u>106,896</u>	<u>145,749</u>	<u>85,207</u>	<u>184,482</u>	<u>630,757</u>
MAINTENANCE:						
Labor	95,837	103,627	184,360	85,024	82,281	551,129
Benefits	63,187	67,478	141,400	56,795	53,111	381,971
Materials	31,518	23,868	50,949	30,294	16,371	153,000
Garbage contracts	37,870	29,787	65,596	31,782	10,223	175,258
Other contracts	<u>15,410</u>	<u>18,895</u>	<u>82,918</u>	<u>24,949</u>	<u>41,276</u>	<u>183,448</u>
TOTAL MAINTENANCE	<u>243,822</u>	<u>243,655</u>	<u>525,223</u>	<u>228,844</u>	<u>203,262</u>	<u>1,444,806</u>
GENERAL EXPENSES:						
Insurance	19,883	20,162	30,907	15,667	17,880	104,499
PILOT	9,450	8,758	24,420	15,190	13,019	70,837
Extraordinary Maintenance	0	0	0	0	0	0
Collection loss/other	12,403	11,293	14,705	13,000	14,888	66,289

Housing Authority of Clackamas County
Public Housing by Project
Budget FY 2014/2015

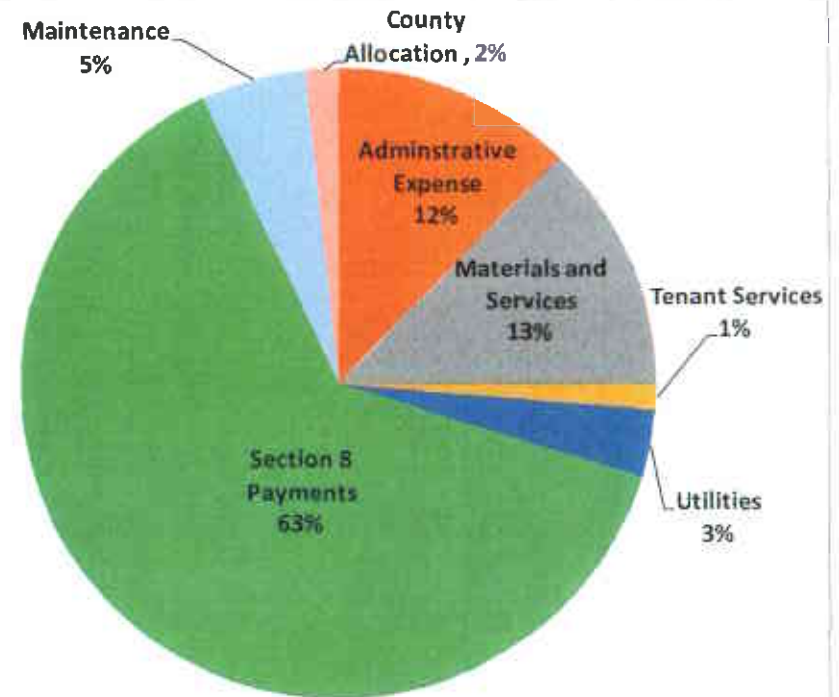
	<u>Clack Hghts</u>	<u>OCVM</u>	<u>Scattrd Sites</u>	<u>Hillsd Park</u>	<u>Hillsd Manor</u>	<u>Total</u>
OPEB accrual	<u>1,425</u>	<u>1,426</u>	<u>2,232</u>	<u>1,240</u>	<u>1,238</u>	<u>7,561</u>
TOTAL GENERAL EXPENSES	<u>43,161</u>	<u>41,639</u>	<u>72,264</u>	<u>45,097</u>	<u>47,025</u>	<u>249,186</u>
TOTAL EXPENSES	<u>643,438</u>	<u>640,366</u>	<u>1,108,622</u>	<u>611,057</u>	<u>686,678</u>	<u>3,690,161</u>
OPERATING SURPLUS(DEFICIT)	<u>(17,280)</u>	<u>(35,448)</u>	<u>33,988</u>	<u>(33,052)</u>	<u>(56,294)</u>	<u>(108,086)</u>

Housing Authority FY 15 Proposed Budget

Revenues



Expenditures



PHA Board Resolution

Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of Clackamas County PHA Code: OR 001

PHA Fiscal Year Beginning: July 1, 2014 Board Resolution Number: _____

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget for all projects approved by Board resolution on: June 19, 2014
- Operating Budget submitted to HUD, if applicable, on: _____
- Operating Budget revision approved by Board resolution on: _____
- Operating Budget revision submitted to HUD, if applicable, on: _____

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: John Ludlow	Signature: _____	Date: June 19, 2014
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